

Summary: A Service-Disabled Veteran-Owned Small Business Inappropriately Received Contracts

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The OIG investigated allegations that a service-disabled veteran-owned small business (SDVOSB) acted as a pass-through entity to enable another company to obtain SDVOSB contracts that it was not eligible to receive. It was further alleged that the veteran identified as the SDVOSB's owner had little or no involvement in the day-to-day operation of the SDVOSB.

We found that the SDVOSB and the other company used the SDVOSB's status to obtain approximately \$3.5 million in U.S. Department of the Interior (DOI) SDVOSB contracts, which the other company would not otherwise have been eligible to receive. The SDVOSB shared the large company's office space, support services, and staff, which were in Arizona, even though the SDVOSB was based outside of Arizona. Further, both the SDVOSB and the other company registered or updated System of Award Management profile records on the same days, using the same unique IP address. We also found no evidence that the SDVOSB's veteran owner, who resided outside of Arizona, was involved in the day-to-day operations of the SDVOSB, even though this is a requirement to receive SDVOSB status.

The U.S. Attorney's Office for the Southern District of Arizona declined both criminal and civil prosecution of this matter. We have referred both the SDVOSB and the other company to our Administrative Remedies Division for consideration of suspension or debarment.

This is an investigative summary of a report we issued to the DOI's Office of Acquisition and Property Management Director.

